



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 06-10, District of Columbia Income Tax Withholding

Date: May 5, 2006

To: Holders of TAXES (District of Columbia only)
Personnel User Groups
T&A Contact Points in the District of Columbia

Beginning with wages paid for Pay Period 9, the National Finance Center (NFC) will make the following changes to the District of Columbia income tax withholdings:

- The annual exemption amount will increase from \$1,370 to \$1,500.
- The Single or Married (Filing Jointly) or Head of Household and Married (Filing Separately) tables will change.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to NFC's Home Page (www.nfc.usda.gov) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll/Personnel Call Center at **504-255-4630**.

MARK J. HAZUDA, Director
Government Employees Services Division

District of Columbia Income Tax Information

State Abbreviation: DC
State Tax Withholding State Code: 11
Acceptable Exemption Form: D-4
Basis For Withholding: State Exemptions
Acceptable Exemption Data: S, M, H, N/Number of Exemptions
TSP Deferred: Yes
Special Coding: Determine the Total Number Of Allowances field as follows:
 First Position - S = Single; M = Married, Filing Jointly; N = Married, Filing Separately; H = Head of Household
 Second and Third Positions - Enter the total number of allowances claimed. If less than 10, precede with a zero.
Additional Information: None

Withholding Formula ►(Effective Pay Period 9, 2006)◄

1. Subtract the biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment(s) (includes flexible spending account - health care and dependent care deductions) from the amount computed in step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages by 26 to obtain the annual wages.
5. Determine the dependent allowance by applying the following guideline and subtract this amount from the annual wages to compute the taxable income.

$$\text{Dependent Allowance} = \text{►\$1,500◄} \times \text{Number of Dependents}$$

6. Apply the taxable income computed in step 5 to the following table to determine the District of Columbia tax withholding.

Tax Withholding Table
Single or Married (Filing Jointly)
 or
Head of Household

If the Amount of Taxable Income Is:		The Amount of District of Columbia Tax Withholding Should Be:			
Over:	But Not Over:				Of Excess Over:
\$ 0	\$ ►2,500	\$ 0	plus	0.0%	\$ 0
2,500	10,000	0	plus	4.5%	2,500
10,000	40,000	337.50	plus	7.0%	10,000
40,000	and over	2,437.50	plus	8.7%	40,000◄

**Married
(Filing Separately)**

If the Amount of Taxable Income Is:		The Amount of District of Columbia Tax Withholding Should Be:			
Over:	But Not Over:				Of Excess Over:
\$ 0	\$ ▶ 1,250	\$ 0	plus	0.0%	\$ 0
1,250	10,000	0	plus	4.5%	1,250
10,000	40,000	393.75	plus	7.0%	10,000
40,000	and over	2,493.75	plus	8.7%	40,000 ◀

7. Divide the annual District of Columbia tax withholding by 26 and round to the nearest dollar to obtain the biweekly District of Columbia tax withholding.